

LOUISIANA INSURANCE RATING COMMISSION
POST OFFICE BOX 94157, CAPITOL STATION
BATON ROUGE, LOUISIANA 70804-9157

MINUTES

MINUTES OF THE REGULARLY SCHEDULED MEETING OF THE LOUISIANA INSURANCE RATING COMMISSION BEGINNING AT 10AM ON WEDNESDAY, SEPTEMBER 20, 2006 IN THE HEARING ROOM, POYDRAS BUILDING, 1702 NORTH THIRD STREET, BATON ROUGE, LOUISIANA.

THE FOLLOWING MEMBERS WERE PRESENT FOR THE MEETING AT 10 AM ON WEDNESDAY, SEPTEMBER 20, 2006:

Dr. Christine Berry, Mr. Barry Busada, Mr. Joe Godchaux, Jr., Mr. Jabari Ragas, Mr. Steven Ruiz

Deputy Commissioner, Chad Brown represented the Commissioner, James Donelon.

Also present were Clarissa Preston, Deputy Commissioner/Office of Property & Casualty; Linda Gonzales, and Staff Members of the Office of Insurance Rating; Richard Piazza, Actuary for the Louisiana Insurance Rating Commission; and other department staff members and representatives of certain groups.

Reading of the Minutes of the previous Meeting were dispensed with and accepted upon the motion of Dr. Berry, which received no objection.

AGENDA AND NOTICE

Part II -- Property

Reading of the Minutes of Previous Meeting

1a - September 20, 2006 - 24383

HOMESITE INSURANCE COMPANY

4 - HOMEOWNERS

REVISED RATE ONLY

HOMEOWNERS PROGRAM

(OWNER OCCUPIED DWELLING)

(+47.1%)

COMPANY REFERENCE: LA-HO-06-080

REQUESTED EFFECTIVE DATES - NEW: 9/22/2006

RENEWAL: 11/9/2006

Listed below is the history of the actions taken in regard to this program:

#9a - 10/04	0.0%	Approved	Eff. 11/1/04 N & 12/18/04 R
#6a - 2/02	Initial	Approved	Eff. 4/1/02 N & R

With this filing, the company is requesting an overall rate increase of **+47.1%** or **+\$1,223,468** (1,771 policyholders).

This filing proposes changes to Homesite wind and other-than-wind base rates. The base rate changes will be uniform by territory for the other-than-wind base rates, and based on relative wind exposure for the wind base rates.

The proposed changes by policy form are as follows:

Policy Form	Proposed Change
3	+47.6%
4	+15.3%
6	+34.9%
Total	+47.1%

Listed below is the Louisiana and Countrywide experience:

LOUISIANA

(Accident Year as of 12/31/05)

Year	Actual Earned Premium	Developed Loss	Loss Ratio
2001	\$ 0	\$ 0	0.0%
2002	40,532	16,347	40.3%
2003	659,542	142,836	21.7%
2004	1,555,213	840,567	54.0%

2005		2,152,520		11,603,350	539.1%
All Years	\$	4,407,807	\$	12,603,100	285.9%

COUNTRYWIDE
(Accident Year as of 12/31/05)

Year	Actual Earned Premium	Developed Loss	Loss Ratio
2001	\$ 8,505	\$ 6,690	78.7%
2002	388,020	300,569	77.5%
2003	2,679,197	1,100,980	41.1%
2004	11,029,166	7,200,323	65.3%
2005	33,619,367	35,630,723	106.0%
All Years	\$ 47,724,255	\$ 44,239,285	92.7%

Exhibit F, histogram and other required exhibits have been forwarded to our Actuary.

FINAL ACTION: Approved.

ADDITIONAL MINUTES: Mr. Busada approved this item. Steve Stayton was the company representative present.

FINAL EFFECTIVE DATES - NEW: 9/22/2006 RENEWAL: 11/9/2006

2a - September 20, 2006 - 24384

FEDERAL INSURANCE COMPANY
PACIFIC INDEMNITY COMPANY
VIGILANT INSURANCE COMPANY
GREAT NORTHERN INSURANCE COMPANY
4 - HOMEOWNERS
REVISED RATE AND RULE
MASTERPIECE RATE AND RULE MANUAL
HOME AND CONTENTS SECTION
(+15.2%)

(AMENDED BY THE COMPANY TO +27.9%)

COMPANY REFERENCE: 06-4634-RR

REQUESTED EFFECTIVE DATES - NEW: 9/20/2006 RENEWAL: 9/20/2006

Listed below is the history of the actions taken in regard to this program:

Key #23604 - Flex	+9.7%	Meets Requirements	Eff. 5/25/06 N & R
Key #17014 - Flex	+10.0%	Meets Requirements	Eff. 6/14/04 N & R
#10a - 1/04	0.0%	Approved	Eff. 6/14/04 N & R

With this filing, the companies are requesting an overall increase of +15.2% (AMENDED BY THE COMPANY TO +27.9% or +\$2,088,835 (AMENDED BY THE COMPANY TO +\$3,834,316 (3,132 policyholders).

The proposed changes are as follows:

Credit Revision

- Introduce a shutter credit - A credit of 5% will be given to all installed shutters meeting eligibility requirements. This credit will be available for all forms.
- Introduce a superior protection credit - Roll out a superior protection credit schedule for houses.

Territory Revision

Parish	Old Territory	New Territory
Jefferson Davis and Acadia	Territory 11	Territory 46
St. Martin, St. James and Assumption	Territory 38	Territory 47
St. Charles, St. Tammany, St John the Bapt	Territory 10	Territory 48

Base Rate Revision

- Increase base rates 20% for the following parishes: Cameron, Vermilion, Iberia, Lafourche, Terrebonne, St. Mary, Plaquemines, St. Bernard, Jefferson and Orleans.

Deductible Revision

- Eliminate \$100 deductibles
- Shift base deductible from \$250 to \$500
- Change deductible factors
- Increase deductible credit caps
- 1% optional wind/hail deductible - increase credit from 5% to 7%
- 2% optional wind/hail deductible - increase credit from 7% to 10%
- 5% optional wind/hail deductible - increase credit from 10% to 15%

Additional deductible changes are as follows:

- Introducing a mandatory 5% deductible for coastal areas for all residences in the coastal counties of Cameron, Vermilion, Iberia, Lafourche, Terrebonne, St. Mary, Plaquemines, and St. Bernard. The customer may opt for the 2% deductible only if they are shuttered. In that case, they will receive the shutter credit. Likewise, any customer with the 5% deductible will receive the shutter credit if they are shuttered. The mandatory deductibles will apply to all forms.
- Introducing a mandatory 2% and 5% deductible for selected locations. A 2%

- minimum mandatory deductible, with shutter credit if shuttered, for locations in Orleans and Jefferson Parishes, namely the French Quarter, Uptown, the Garden District, Mairie Ridge and the University area as defined by zip codes. 2% customers may opt for a 5% deductible with a shutter premium credit, if shuttered.
- Other locations in Orleans and Jefferson Parishes will receive a 5% mandatory deductible with a shutter premium credit if shuttered; the 2% mandatory deductible will not be an option for this area. The mandatory deductibles will apply to all forms.

*******PLEASE NOTE: STAFF FINDS THAT THE ADDITIONAL DEDUCTIBLE CHANGES ARE NOT IN COMPLIANCE WITH LOUISIANA REVISED STATUTE L.R.S.22:636.2.D.**

Listed below is the Louisiana and Countrywide experience:

LOUISIANA
(as of 3/31/06)

Year	Actual Earned Premium		Developed Loss		Loss Ratio
2001	\$	5,554,966	\$	3,914,572	70.5%
2002		6,779,965		3,540,892	52.2%
2003		8,329,502		5,837,714	70.1%
2004		10,053,118		3,866,720	38.5%
2005		11,786,799		130,157,966	1104.3%
All Years	\$	42,504,349	\$	147,317,863	346.6%

COUNTRYWIDE
(as of 12/31/05)

Year	Actual Earned Premium		Developed Loss		Loss Ratio
2001	\$	898,773,248	\$	647,065,802	72%
2002		1,071,463,676		690,392,139	64%
2003		1,279,850,812		836,454,508	65%
2004		1,427,628,030		853,911,815	60%
2005		1,552,025,745		856,100,323	55%
All Years	\$	6,229,741,511	\$	3,883,924,587	62%

Exhibit F, histogram and other required exhibits have been forwarded to our Actuary.

FINAL ACTION: Disapproved.

ADDITIONAL MINUTES: Dr. Berry disapproved this item because it was not actuarially justified as amended.

FINAL EFFECTIVE DATES - NEW: 9/20/2006

RENEWAL: 9/20/2006

3a - September 20, 2006 - 24511

AMERICAN ASSOCIATION OF INSURANCE SERVICES

9 - INLAND MARINE

REVISED RATE AND RULE

PERSONAL INLAND MARINE PROGRAM

PROGRAM REVISIONS

(0.0%)

COMPANY REFERENCE: AAIS-2006-31R

REQUESTED EFFECTIVE DATES - NEW: 6/1/2007

The last adjustment to this program occurred September 2004 (#4a) which resulted in an overall decrease of -15.2% effective June 1, 2005.

The captioned organization, with this filing, wishes to update the format of the manual for ease and use and align the rules for compatibility with the form and endorsement revisions. It states that these revisions do not include farm machinery and livestock forms, endorsements and rules which will be offered in a separate Farm Inland Marine program which will be submitted separately.

Further, the organization emphasizes that these revisions introduce a new format with in the policy forms that will stress coverage and coverage limitations and provide updated contract language for the insured's benefit.

Other, more specific revisions, include:

- The loss cost Theft from Unattended Vehicles under Coin Collection, Stamps and Personal Property no longer applies
- Under Golf Equipment, the Named Perils option no longer applies
- The Agreed Value Option is now built into the Personal Articles coverage form
- The Agreed Value Option is no longer limited to silverware and jewelry
- A new adjustment factor is proposed to convert from Actual Cash Value to Agreed Value

It also indicates that this filing is rate neutral and represents no dollar impact on 13,479 policyholders.

Companion forms approval is pending under (#2063604).

FINAL ACTION: Approved.

ADDITIONAL MINUTES: Mr. Ragas approved this item contingent upon companion form approval.

FINAL EFFECTIVE DATES - NEW: 6/1/2007

Mr. Ruiz had concerns with Allstate and State Farm. Staff will research these concerns, and provide a report at the next LIRC Meeting.

Dr. Berry had concerns with Aegis Security Insurance Company. Staff will research these concerns, and provide a report at the next LIRC Meeting.

Mr. Ragas adjourned.